

Testimony of Tony Scacca

H.B. No. 5291, An Act Increasing The Minimum Wage, Removing The Minimum Wage Tip Credit, And Increasing Penalties For Failure To Pay The Minimum Wage.

Public Hearing on Tuesday, February 28, 2012

Dear Senator Prague, Representative Zalaski, and members of the Labor and Public Employees Committee,

First and foremost, the minimum wage increase proposed in H.B. No. 5291 will adversely affect our business by increasing our labor costs by over \$189,000 per year, not including taxes, futa and suta. For our company alone, that would equate to over \$1,000,000 per year in losses.

To offset these increases, with the economy in the state it's in, we will be forced to increase menu prices. Therefore, these costs will be passed on to the already strapped consumer. With gas price increases and the economy on a very slow build, the consumer cannot afford more costs and will likely cut back their dining option. This, in turn, will further lower sales, thereby decreasing tax revenue for the state.

Another possible detriment to H.B. No. 5291 would be reducing the labor force to cut down on costs imposed by the state. Most employees working in the hospitality industry are already paid above the minimum wage, especially those earning tips. Forcing layoffs by increasing the minimum wage and eliminating the tip credit would not only hurt our ability to build sales, but also hurt our employees. They will lose the ability to make a living and receive benefits, which will result in increased unemployment and dependency on state benefits.

For the small restaurants, this could force them out of business. Is this the way to build our economy? Does the middle class, which drives our business, mean nothing to our state and country?

We think that the well will not run dry for businesses, but between increased minimum wage and the elimination of the tip credit, this bill will surely put a nail in the coffin of an already struggling business.

Thank you,
Tony Scacca